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**PRIVILEGED AND CONFIDENTIAL
ATTORNEY-CLIENT COMMUNICATION**

**CLOSED SESSION PURSUANT TO
GOVERNMENT CODE SECTION 54956.9(d)(1)**

CONFIDENTIAL REPORT RE:

**HILL RHF HOUSING PARTNERS V. CITY OF LOS ANGELES
LASC CASE NO. BS238416**

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Honorable Members:

This case addresses the Plaintiffs' claims against the Downtown City Business Improvement District (DCBID). We previously provided two reports (R12-0328 and R12-0361) regarding this litigation and submit this report to provide a recommendation for settlement, which we believe will resolve this matter.

In our earlier Reports we discussed the litigation and the extreme weakness of the City's position. Because of the many Business Improvement Districts that would potentially be affected by either litigation or settlement, initially we were instructed to defend the City in this litigation but also to attempt to settle the matter so as to protect other Business Improvement Districts.

We have reached a tentative settlement that we recommend for approval. Under the terms of the settlement the Plaintiffs' properties will remain in the DCBID, and the DCBID will continue to operate without any changes. Consequently, the DCBID also

will assess the Plaintiffs' properties without any changes. However, the City will make the Plaintiffs whole for the DCBID assessments against the Plaintiffs' properties.

Thus, when the DCBID makes an assessment against the Plaintiffs' properties, the Plaintiffs will pay those assessments, and the City will then compensate the Plaintiffs for those payments. Each year, when Plaintiffs are assessed by the DCBID, the City, through the City Clerk, will receive proof from the Plaintiffs that they have paid the assessments from the DCBID, and each year the City, through the City Clerk, will make a compensatory payment to the Plaintiffs. The initial payment will be \$106,061.27, and may rise as much as 5% per year.

This settlement will last for five years. Over the course of the five-year settlement the DCBID will provide approximately \$30 million services while the City will pay approximately \$500,000.00 to the Plaintiffs under the terms of the settlement. Given that the City will almost certainly lose this litigation (as we discussed earlier), should the City wish for the DCBID to continue in operation, we recommend approval of the settlement.

We believe this will resolve this matter and that this settlement is in the best interests of the City. It is, therefore, recommended that Council:

1. Approve settlement of this case on the terms set forth in this report, and authorize the City Attorney to execute the necessary settlement and release documents to effectuate the settlement; and
2. Authorize and instruct the City Clerk, subject to approval of the City Attorney, upon receipt of documentary proof that Hill RHF Housing Partners has paid each of the assessments from the DCBID during the five-year life of the DCBID, to cause to be drawn and delivered demands for each such payment required to be made by the settlement in this matter, from funds available in City Attorney Fund 100-Department 12, Liability Claims Account No. 9770, to Hill RHF Housing Partners, without further action by the Council or Mayor; and
3. Authorize and instruct the City Controller to process the payments to the payee as specified by the City Clerk, subject to the approval of the City Attorney, that are authorized and required to be made pursuant to this settlement, from funds available in City Attorney Fund 100-Department 12, Liability Claims Account No. 9770, to Hill RHF Housing Partners, without further action by the Council or Mayor.

If you have any questions regarding this matter, please contact Deputy City Attorney Daniel M. Whitley at (213) 978-7786. He or another member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

CARMEN A. TRUTANICH, City Attorney

By



DANIEL WHITLEY
Deputy City Attorney

PEB:DMW:cm